



Artificial Intelligence

The rise of the chatbot solutions in customer experience.

Is your business on board?

By 2020, **over 80% of businesses in the UK are expected to have a chatbot solution.** However, brands are still facing challenges when it comes to delivering full value from their chatbots and other AI solutions. To find out more, we spoke to a range of industry experts including early chatbot adopters to capture key trends and insights. If you're considering using artificial intelligence to make your business more efficient, this is your guide to how, when and why to introduce chatbot technology.

What UK business leaders are telling us

We surveyed digital and technology experts from a broad range of sectors across the UK and asked them about the adoption of chatbot technology within their organisations.

Speaking directly with those implementing in this space we found optimism and passion for the future of AI-rooted automated customer contact. Some brands remain cautious about the maturity of the technology, but those that have embraced chatbot integration within their CX function are seeing value.

Successful implementations have grown globally and customers are warming up to chatbots. We found many organisations are planning to include conversational AI technologies in their strategic roadmaps. If this is something that's on your agenda, read on...

What is artificial intelligence?

Artificial intelligence, or AI, can be defined as the capacity of a machine or software to imitate human behavior and/or interactions. Chatbots fall into the category of conversational AI.

Conversational AI is technology which imitates interaction, language and communication experiences between humans and advanced conversational learning platforms.

Other types of AI include:

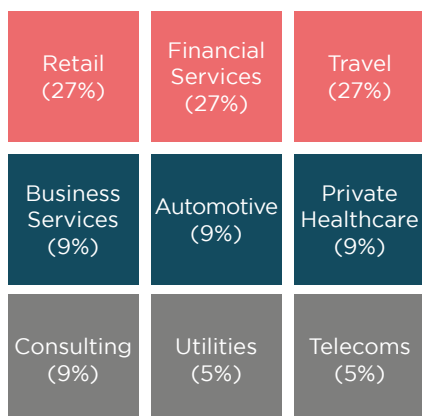
Machine intelligence

Technology that mimics the way the brain performs repetitive functions to achieve a goal. It can think about those functions and adapt to improve efficiency.

Vision and perception

Using vision and sensors to physically interact with technology and the environment and change how humans perceive and experience reality.





Survey Sample

In our survey we spoke to senior technology and CX leaders from a broad range of sectors to understand their perceptions of chatbot solutions and where they felt this capability could bring value to their organisations.

It is clear from our study that chatbots are increasingly an important element of their technology roadmaps and have the capability to balance reducing costs and improving customer service.

How do businesses feel about implementing chatbot technology?

We interviewed over 20 senior business leaders and AI practitioners from best-in class customer service brands and household names in the UK. We explored each organisation's views on AI technologies, specifically conversational AI, and asked them about their current challenges and future predictions.

From these cutting-edge conversations with both early adopters and wait-and see companies, we uncovered five key insights:

1. There is a strong cost case for AI rooted customer contact

The cost benefits can be significant through reduced failure demand and call abandonment and the ability to focus human resources on value adding interactions. These solutions challenge current service operating models, with the capability to deliver a step change in operational performance and a cost and competitive advantage.

2. The benefits to customers and brands could be huge

Most leaders we surveyed were very positive about the outlook for chatbot technology and how it could improve the customer experience.

They listed the possible benefits as:

- Faster, more efficient customer interactions (36%)
- Easier to use and more comprehensive than other channels, such as FAQs
- Frees up customer service agents for complex calls and/or upselling
- Provides the ability to scale service provision quickly and efficiently
- Business can have longer opening hours
- Reduction in costs
- Fewer abandoned calls
- Opportunity to educate customers before sales call with agent

Business leaders were impressed with the current capabilities of chatbots and optimistic about their future abilities when applied to mainstream scenarios.



20% of business leaders were confident bots could handle 70- 90% of customer interactions.

As chatbot solutions become increasingly common, many early adopter issues have now been resolved. Because of this, the technology and operations leaders surveyed told us they had conversational AI technologies on their business roadmaps for the near future (50%). In fact, many told us AI was fundamental to their customer service strategy, influenced by both cost and CX.

“Minimising risk by using as little resource as possible to experiment is a great way to see the value AI brings.” - AI adopter at UK retailer

3. Transactional conversations are where chatbots can add most value

Our research suggested that decision makers are increasingly aware of the importance of applying chatbots to well defined customer journeys.

For those familiar with how chatbots are currently used, it is probably not surprising that they are viewed as key solutions for managing transactional interaction conversations, such as asking about opening times or returns policy. In these scenarios, time, simplicity and accuracy are key drivers of customer satisfaction.

However, businesses are currently less comfortable using them for emotive, complex or empathetic “human” moments of customer service. We return to this later in the white paper.

The goal is not to replace or lose agents. Instead many organisations will look to reallocate agents from transactional service calls to selling or upselling calls handed to them in a “warm handshake” from a bot. It’s important here to consider transparency and ensure the customer is aware they are talking to a robot.

4. The quality of your knowledge

The level of service from a bot is dependent on the quality and maturity of the data or knowledge from which it gets its information. Many of the senior leaders we spoke to who had implemented or were soon to be implementing chatbots agreed on this.

If you decide to integrate chatbots into your businesses, you may need to review, restructure and potentially re-platform your knowledge management toolkit.

It’s important to have robust processes for collecting and transferring data, and to ensure content is updated regularly.

5. To build trust, businesses must be transparent with customers

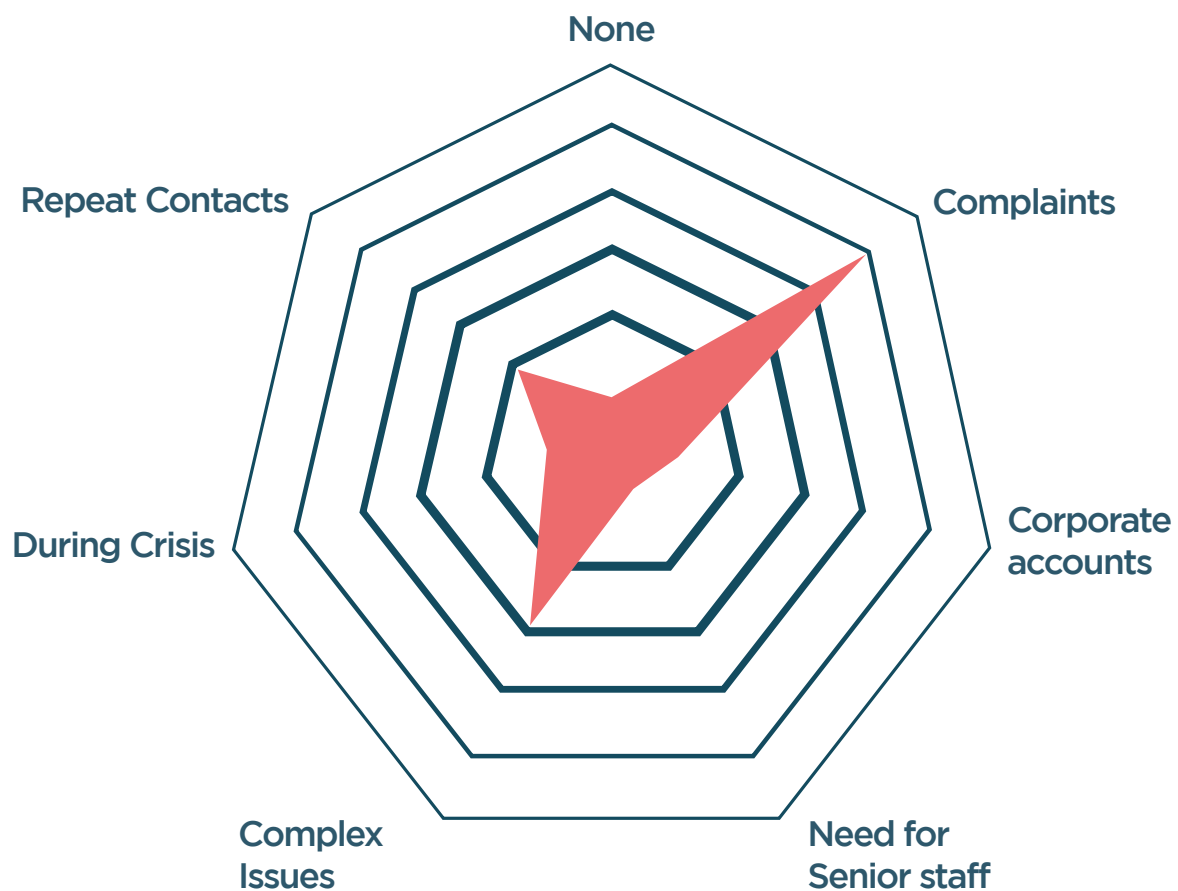
When AI technology was new and immature, some customers had negative experiences with chatbots which coloured public perception of their capabilities.

In general, customers are happy to use conversational AI tools if they help them achieve their outcome. However trust can be lost if they believe they are speaking to a real person only to discover they are actually conversing with a chatbot.

Our survey backed this up, with many leaders saying they are aware of the need to let customers know when they are, and aren't, dealing with a bot. By managing customer expectations in this way, businesses can avoid disappointing interactions and limit any potential damage to brand loyalty.

Where would you not use a chat bot?

Our survey respondents said they were most likely to divert complaints calls to a human rather than a chatbot.



The generational and social changes driving chatbot adoption

Perhaps one of the greatest reasons to implement chatbot technology is to keep up with your customers' current and future expectations.

Business transformation is often driven by changing customer needs, and AI adoption is no exception. With the prominence of generation Y (also known as Millennials) and the coming generation Z, there is an urgency for change in the CX industry. Let's take a look at what these generations are demanding, and how brands can respond and adapt to this and other societal changes.

Why Millennials love chatbots: 1. Instant satisfaction 2. Convenience and connection
3. Social engagement 4. They're new and/or "disruptive"

1. Instant satisfaction

The cliché about Millennials is that they look for instant gratification. This may in fact have some truth behind it as this generation is more likely to choose a chatbot over making a phone call or sending an email.

In their highly connected worlds this demographic is able to purchase almost anything online in a matter of seconds. They expect businesses to be "always on" when it comes to customer service and access to knowledge. No surprise then that chatbot technology works well for them and the brands they love.

The expectation is to be able to ask a question at any time and receive a high quality customer experience. For example, you may find your Millennial customers reaching out with a query after watching a YouTube product guide or tutorial on their smartphone at 1am. They're ready to buy but you don't have any agents available who speak their language. No problem, a chatbot can handle the query and close the sale.

2. Convenience and connection

Convenience is about being where your customers are. Online, this means the platforms and social media your customers use and are familiar with. Modern, digitally enabled consumers place importance and value in being able to communicate through a familiar channel and this reduces the learning curve associated with rolling-out new technology.

For example, we found a number of organisations focusing their efforts on Facebook Messenger chatbots. The Booking.com chatbot, which runs in Messenger, can successfully respond to 30% of customer questions in under five minutes. The bonus for customers is they are likely to be using Messenger concurrently to organise their holiday with their friends or family, making it a simple and seamless user experience.

3. Social engagement

Consumers are increasingly demanding more from their interactions with brands, including:

- Social interaction
- Personalisation
- Informality

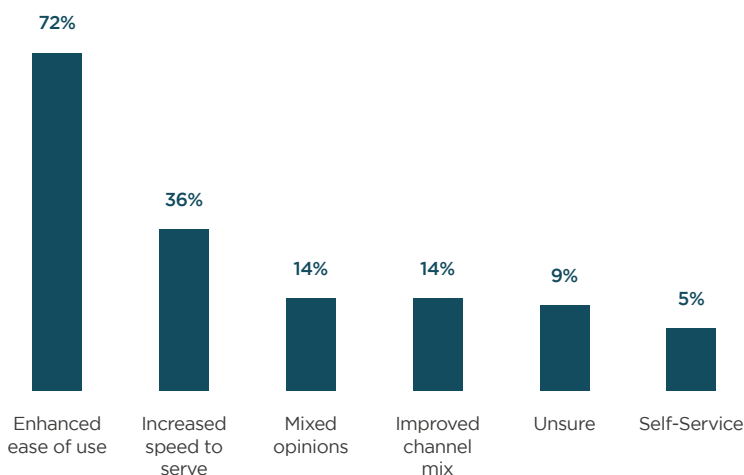
But how can a chatbot provide this? Natural Language Processing (NLP) may be the solution. This is when chatbots imitate our conversational norms and provide an emotive tone which many customers feel is an acceptable substitute for real human interaction.

“We are applying AI-rooted automated voice interaction to store switchboards and some contact centre traffic. We are seeing definite benefits.” - Leading UK Retailer

Benefit to customer

73% of those surveyed said chatbots are easier to use than other methods of customer contact.

“Chatbots make the simpler tasks quicker and easier for the customer.”



60%

of millennials have used chatbots

70%

of those report positive experiences.

By 2020 consumers will handle 85% of their engagement with businesses without interacting with another human being

4. They're new and/or "disruptive"

Modern digital consumers are relaxed and curious. They are increasingly happy to tolerate and explore new technologies. They don't expect new software to be polished and perfect and are comfortable with the notion of alphas, betas and closed pilots which have become more common – particularly with brands known for innovation and disruption.

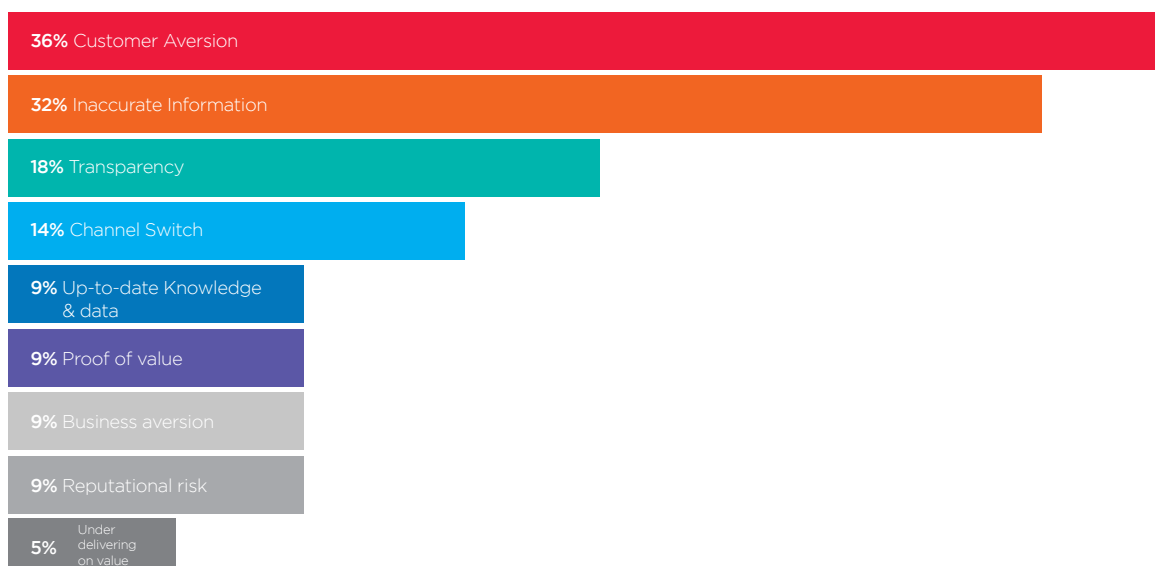
In fact, one of the key drivers for this demographic is to be part of something new that others are not.

The augmented and virtual reality sectors are a great example of customers being positive and patient early in the development journey. This area of AI is far from perfect yet it's seeing rapid adoption, with customers sold on its value and keen to see it become mainstream. Consumers actually enjoy being part of the instantaneous feedback loop that empowers them to shape products to meet their needs. These same customers are willing and able to be part of your chatbot development journey.

What are the activities key to success? When integrating a chatbot, 31.8% of those surveyed say that understanding the call driver is the biggest key to success.



Challenge to success



5 Tips for successfully integrating a chatbot

Our research has revealed that chatbot technology is a primary agenda item for UK operations and CX leaders over the next two years.

So what are the five critical success factors your organisation should be aware of when looking to implement chatbot technology?

1. Your customers and their behaviour
2. Your customer journeys
3. Your data
4. Your processes
5. Your technology roadmap and limitations



Our survey suggests chatbots can handle 51% of incoming customer contact, on average.

1. Know your customers and their behaviour

Many brands segment customers in terms of age, wealth and profession, etc. However, this can lead to inefficient design based on stereotypes and what we think we know. To truly understand your customers you need to look at behaviours and group customers by what they do, use and say.

To use chatbots well you need to know who is calling and why. How are your customers using chatbots? How are they feeling? What language do they use? What do they do if the AI doesn't work for them? These questions can provide insight and inform your priorities. In short, you need to be doing this for your customers' benefit as well as your own.

2. Know your customer journeys

Chatbot technology sits in a wider customer journey of interactions, emotions and expectations. The goal is to provide a seamless experience of interactions across the service on every channel. Therefore, it's vital to understand where your customers will interact with the chatbot at different stages of their journey, and how this fits with their channel preference.

For example, is the chatbot collecting structured details to facilitate a warm handover to an agent? How might this be communicated and when is the right time for the handover? Does the customer have a choice about whether they are handed over?

These design decisions can only be made when you have end-to-end understanding of the customer journey. Knowing the complexity of the journeys to be handled by the chatbot will help you develop a robust, technical solution but also help the customer have a better brand experience.



Over 90% of our survey respondents say that chatbot technology will add value on their current customer service model.

3. Know your data

Chatbot technology relies on the existence, breadth and quality of data in your knowledge management systems. Without this reference point, the bot cannot realise its full potential and will not provide great CX, which could impact on brand loyalty.

Those who have successfully implemented such technology have focused on matching the information in their database to the expected types of chatbot interactions and customer expectations. For example, a customer asking a question using natural language should not be handled by a keyword-only chatbot. Instead, brands can use a Natural Language Processing (NLP) tool so the chatbot can give a conversational response.

4. Know your processes

Equally important to understanding the customer journey is having a documented, clear and concise view of your processes. The process leads the design of the technology to fit the requirements of the business.

Documented process maps, business rules catalogue, forms and service blueprints all inform requirements.

Effective communication between contact centre and other key departments is crucial so your knowledge base is kept up to date. In many cases, chatbot implementation can add structure and consistency to processes and reduce ambiguity and inconsistency between agents.

5. Know your technology roadmap and limitations

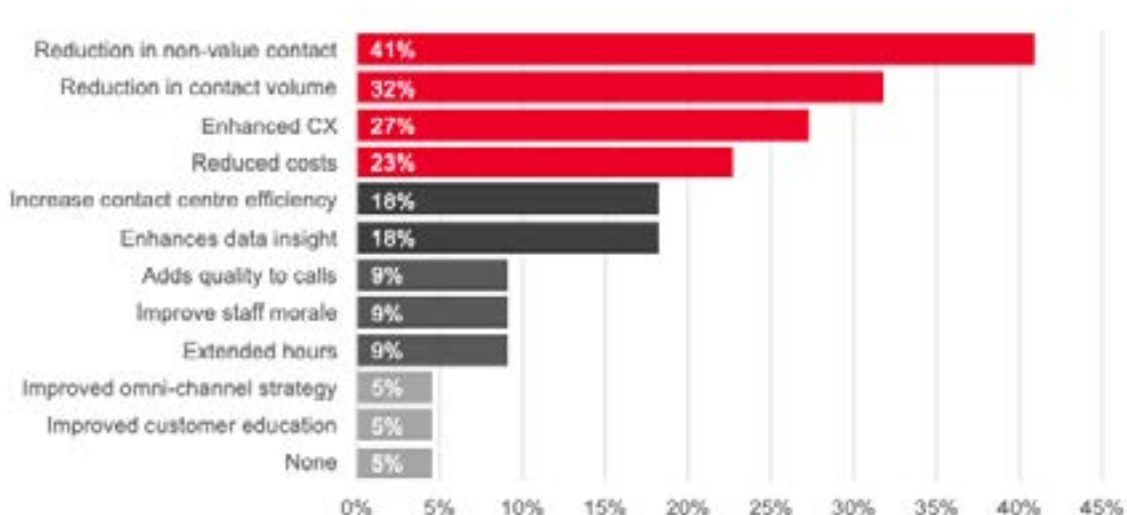
Your roadmap should clearly articulate your plan and vision for using AI in your organisation, including the most suitable model and appropriate timescale. Remember to include any customer expectations.

Many successful implementations go something like this: proof of concept > contained pilot > full implementation > continuous improvement

Finally think about your limitations. Is there anything in your technology stack, customer base, channels or regulatory compliance which might slow down or limit your success? Recognising limitations early means expectations can be managed and barriers removed or resolved before they impact delivery.

Where do you see value from AI?

Those surveyed said the biggest value AI will bring to their business is a reduction in non-value contact (41%).



CASE STUDY

- Simpel Innovative Customer Service via CX Company Solutions

Simpel is a pure-play SIM-only telecom provider, previously part of the T-Mobile Group

The company markets its SIM-only contracts solely online. The majority of customers can be served digitally, however there is also a customer contact centre available to further assist.

The Priorities

In order to provide its customers with even better digital services, while also reducing the number of incoming calls, Simpel defined two priorities:

- Provide improved information via its online channel
- Setting up a high quality internal knowledge bank

The Solution - ChatBot

To address the above priorities, Simpel partnered with CX Company to introduce a Chatbot in order to be able to answer customer queries online effectively. This was rolled out within 8 weeks.

Internal Operator Knowledge bank

After the Chatbot went live, Simpel then engaged with the CX Company to create an internal knowledge bank and create a single source of information, which could be easily managed and maintained.

'Thanks to the ChatBot, our Net Promoter Score has improved further. In addition, the CX Company chatbot provides us with very valuable information about what customers consider to be important and what they are or are not happy with.'

The Results • Consistent and unambiguous information supply and customer experience via all available channels • Improved NPS scores • 40% reduction in calls to the contact centre • Real-time insight into customer's needs and wishes.

The future is exciting. Are you with us?

Our chatbot technology predictions for customers and brands

There is genuine excitement as the mainstream begins to adopt and apply chatbot technology to everyday interactions and to deal with high volume, transactional contacts. Investment and innovation is sure to follow.

With best-in-class brands getting on board, we predict exponential growth in the abilities of the technology as limits are tested and brands race to establish competitive advantage.

We also predict:

- Customer demographics and expectations will continue to change favourably for chatbot technology
- Some customers will value the immediacy of chatbots over personal interaction with a human
- Customers will begin to expect a chatbot as a default channel and many will choose it for sales support or non-emotive customer service
- Agents will be redistributed to higher value interactions (to the customer and the organisation)
- Chatbots will become a necessity for many customer service organisations as they look to automate and improve their services

We will continue to monitor how companies are using conversational AI and report back on the benefits for your business. In the meantime, we'd love to hear from you with your experience of using chatbots in your organisation.

"We started out thinking: How does a chatbot fit with a high quality contact strategy. The answer to this is now clear and we are in implementation mode" - AI adopter, large retail organisation.

Our findings revealed interesting differences between brands who've taken a leap into this space and those still making up their minds.

Will my chatbot give accurate information?

A key concern was trust (32%). If inaccurate or incomplete information is given this can erode customer trust in chatbots. To resolve this, most businesses agreed the quality and depth of the knowledge base is important.

Can chatbots handle sensitive interactions?

Can chatbots be trusted with sensitive or complex interactions such as complaints?

Most respondents thought not yet (40%), although as chatbots evolve they will be able to imitate human empathy.

Do I need to be upfront with customers?

Some companies are stalling on adoption because they aren't sure how their customers will feel about it (36%). Some talked about using a chatbot for initial interaction then transferring to an agent to close the sale. It's one approach yes, but the trailblazers are already looking to end-to-end chatbot journeys.

What if I don't have all the information I need to programme my chatbot?

Many businesses believe they need an in-depth view of customer contact before they integrate chatbots. However, cutting-edge companies have decided to step into the conversational AI space and test it out, rather than wait until the data is perfect. Your approach will depend on your type of business and attitude to risk. Although it may seem overwhelming, we advise you don't delay joining the AI space too long.

Is a chatbot right for my brand?

If you're known for high-end customer service this needn't stop when you launch a chatbot. Business leaders talked about getting content right and making sure language and tone is on brand. Our top tip? Listen to, and learn from, your customers. Let them try AI and see how it improves their experience.



UK statistics at a glance

- **95% digital penetration up 5% from 2017**
- **35% of consumers want to see more companies using chatbots**
- **21% of consumers see chatbots as the easiest way to contact a business**
- **Over 90% of respondents said chatbot as a channel would have a positive impact on their current model**

Get in touch

We work with leading global organisations across diverse industries to identify and deliver value for their customers.

We help our clients to generate richer insights from customer interactions, overcome automation challenges and transform operating models. Our experts create and implement unparalleled outsourcing and technology strategies. Whatever your customer experience vision, our team of experts can help. Get in touch today.

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